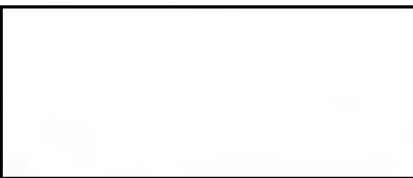


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Algeria: In the reorganization of the provisional Algerian government (PAG) announced on 27 August, moderate pro-Western elder statesman Ferhat Abbas has been replaced as premier by Ben Youssef Ben Khedda, who has favored a more vigorous prosecution of the Algerian war. The other changes also suggest that the new leadership will be even less compromising than the former PAG regime in any future negotiations with France and will be more willing to accept aid from the bloc. The new government reflects Algerian rebel dissatisfaction, primarily among military elements, over the failure of the two rounds of negotiations with the French at Evian and Lugrin.

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Nationalist China:

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[redacted] the Nationalists were continuing preparations to support any resistance that might arise on the Communist mainland, whether spontaneous or generated by Nationalist unconventional warfare teams. His government, he said, considered such support its own responsibility, but realized that large-scale use of military forces would require high-level discussions with the United States within the provisions of the bilateral military pact.

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According to the American army attaché in Taipei, American advisers have been given permission to accompany most, but not all, of the airborne training flights, of the Chinese Nationalist special forces. These flights, however, including those on which no American advisers are allowed, are so scheduled that a plane could be diverted to the mainland from its training mission and return within the allotted time of the exercise. The army attaché also reports that the airborne training program has recently been intensified.)

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Brazil: The situation following Janio Quadros' resignation from the presidency on 25 August remains unclear. A majority faction of the armed forces appears to support War Minister Denys, who has publicly stated that leftist Vice President Joao Goulart will not be allowed to assume the presidency. A minority faction of the armed forces supports Goulart's right to the office, but its leader, former presidential candidate Marshal Lott, has been arrested. The support of the minority faction of the armed forces for Goulart is apparently largely support for legality rather than support for Goulart himself.

After initial outbreaks on the night of 25 August, few disorders have been noted in Brazil. [redacted] that labor and student leaders have been meeting almost constantly. He believes that, since this segment clearly prefers Goulart, their agitation will be designed to promote his takeover rather than to create a situation so chaotic as to spoil his chances. However, if it becomes clear that Goulart's chances are fading, agitation could take a serious turn and serious disorders are possible. Communist policy is reportedly to agitate in favor of Goulart.

The Brazilian constitution provides that both the presidency and the vice presidency should be vacated during the first half of a presidential term, elections must be held within sixty days. The congress can choose a successor only if the vacancies occur in the second half of the presidential term. In any election, constitutional provisions bar from candidacy "a President who may have exercised the office for any time in the term immediately preceding," as well as governors, cabinet ministers, and the chiefs of the general staff.

A legal solution by congress--acceptable to military leaders --would apparently consist of amending the constitution to bar Goulart from office and provide for an acceptable successor. A constitutional amendment may be proposed by one-fourth of either chamber and becomes law if passed in two successive votes

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by two-thirds of the total membership of each house of congress. Such a solution would require the cooperation of Brazil's two major parties--the National Democratic Union which supported Quadros' election, and the Social Democratic Party which backed former President Kubitschek. Goulart's Labor Party would be unable by itself to block such an amendment although Labor Party Deputy Magalhaes, who is acting president of the Chamber of Deputies, had declared his adamant opposition to an amendment at this time. Goulart is now in Paris consulting with members of his labor party. He has publicly stated that he has no choice but to become president of Brazil. [redacted]

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According to press reports from Sao Paulo, Quadros and his family will leave Brazil for an unannounced destination aboard a British ship due to sail on Tuesday. [redacted]

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[redacted]

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New Provisional Algerian Government

The new PAG premier, Ben Youssef Ben Khedda, was minister of social affairs until January 1960, when he resigned in a dispute over what he regarded as the PAG's failure to push the war against the French. The 41-year-old Ben Khedda is regarded as one of the most ardent Algerian revolutionaries. He has had a number of contacts with the Sino-Soviet bloc and is reportedly an admirer of Communist organization and achievements. He is believed intelligent, shrewd, "hard as nails," and extremely able and is well regarded by the rebel military apparatus.

The 62-year-old Abbas, who has been premier since 1958, had limited influence in the PAG because of his pro-French background, but was useful primarily as a leader acceptable to the French and because he was widely known and popular in Algeria. Ben Khedda also took over the ministry of finance, previously under Ahmed Francis, brother-in-law of Abbas and a follower of Abbas' moderate line. Another moderate, Abdelhamid Mehri, minister of social and cultural affairs, has been dropped, as has minister of state Said Mohammedi, who some sources report to be a supporter of Belkacem Krim, the PAG's top negotiator.

Krim himself appears to have been downgraded, although he retains his vice-premiership. Saad Dahlab, who was former secretary of state for foreign affairs under Krim and also a member of the PAG negotiating team, replaces Krim as foreign minister. Dahlab, regarded by the French as one of the more sophisticated and able PAG negotiators, is a 42-year-old militant believed to be a member of the PAG left wing; he has visited Peiping and Moscow. Krim was given the ministry of interior. Another vice-premier--Mohamed Boudiaf--has been added to the previous two, Krim and Mohammed Ben Bella. Boudiaf and Ben Bella are imprisoned in France.

The apparent demotion of Krim and the removal of hard-liner Lakhdar Ben Tobbal from minister of interior to the nonportfolio job of minister of state suggest that minister of armaments Abdelhafid Boussouf may have enhanced his already strong position. Boussouf has been working to undercut Krim. Krim, Tobbal and

Boussouf were the only three members of the Interministerial Council, the top governing body of the rebel movement.

Despite the establishment of a tougher negotiating team, the PAG is probably still willing to reach a settlement by negotiations. However, if Paris moves toward resumed negotiations, the PAG will take an even less compromising stand, particularly on its demand for control over the Sahara. Otherwise the PAG is likely to step up its military effort and move to obtain substantial support from the Sino-Soviet bloc.

Although Paris may attempt to feel out the new PAG government with a view to resumed negotiations in the light of De Gaulle's desire to set a solution in motion before the end of the year, the new PAG line-up may have the opposite effect on Paris and De Gaulle may feel that he has no alternative but to proceed with the establishment of a provisional Algerian executive without the FLN. [redacted]

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